

Guadalupe Valley Electric Cooperative, Inc.

NCR04079

Audit Report

For Compliance with

NERC Reliability Standards

Public Version

**Confidential Information (including Privileged
and Critical Energy Infrastructure Information)
Has Been Removed**

Audit Date:	April 16–17, 2008
Audit Location:	Texas Regional Entity
Report Date:	June 13, 2008
Prepared By:	Kent Grammer, Sr. Compliance Engineer

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1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of Guadalupe Valley Electric Cooperative, Inc. (GVEC) was conducted on April 16–17, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on GVEC's registration as a Transmission Owner (TO) and Transmission Planner (TP). The audit team consisted of four representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by GVEC, Texas RE concluded that GVEC met all the applicable North American Electric Reliability Corporation (NERC) Standards requirements.

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at www.nerc.com. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

2.1 Objectives

All registered entities are subject to audit for compliance with all Reliability Standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently review GVEC's compliance with the requirements of the Reliability Standards that are applicable to GVEC based on GVEC's registered functions
- Validate compliance with applicable Reliability Standards from the NERC 2008 CMEP Implementation Plan list of actively monitored Standards
- Validate evidence of any self-reported violations and previous self-certifications, confirm compliance with other Requirements of the reliability standard, and review the status of any associated mitigation plans
- Document GVEC's compliance culture

2.2 Scope

The scope of this compliance audit is inclusive of all Requirements of the NERC Reliability Standards that are being actively monitored in 2008 and any others that may be identified by the audit team at the time of the audit applicable to Transmission Owner and Transmission Planner. The audit was performed by four members of Texas RE.

For the 2008 CMEP, the monitoring period for the compliance audit will be the past 12 months or periods specified in individual Reliability Standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the NERC representative and regional entity staff were provided to GVEC prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the GVEC. GVEC was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. GVEC accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, GVEC was sent a pre-audit questionnaire and the Reliability Standard Auditors Work Sheets (RSAWS) for the list of actively monitored NERC Standards. Texas RE reviewed the responses to the RSAWS and pre-audit questions with GVEC management and supervisors.

The audit team conducted an exit briefing conference call with GVEC. The audit team verbally shared its preliminary results with GVEC management.

2.4 Company Profile

GVEC is a Transmission/Distribution cooperative located in South-Central Texas. GVEC purchases generation from the Lower Colorado River Authority (LCRA), City Public Service (CPS) San Antonio, and Guadalupe-Blanco River Authority (GBRA). GVEC owns 79 Circuit miles of 138 KV and 162 Circuit miles of 69 KV transmission, which is leased and operated by LCRA. GVEC is NERC registered as a TO Owner and TP. GVEC serves approximately 63,000 distribution consumers in the South Central Texas area east of San Antonio, Texas and employs 243 employees.

2.5 Audit Specifics

Audit Date: April 16–17, 2008
Audit Location: Texas Regional Entity

Texas RE Audit Team:

Name	Company/Title
Kent Grammer	Texas RE/Audit Team Leader
Farzaneh Tafreshi	Texas RE/Auditor
Rashida Williams	Texas RE/Auditor
Brent Torgrimson	Texas RE/Auditor

Guadalupe Valley Electric Cooperative, Inc. Conference Call Participants:

Name	Company/Title
Bobby Christmas	GVEC/Engineering and Operations Division Manager
Barry Kremiling	GVEC/Engineering Associate
Ronnie Tate	GVEC/Technical Services Superintendent
Gerry Nunan	Schnieder Engineering/PE

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that GVEC was compliant with all 2008 actively monitored NERC Standards at the time of the audit.

The following table is a summary of the auditor's notes for those NERC Standards reviewed during the audit:

Reliability Standard	Requirement	Finding
CIP-002 thru 009		
FAC-003-1	R1.	Not Applicable
FAC-003-1	R2.	Not Applicable
FAC-003-1	R3.	Not Applicable
FAC-003-1	R4.	Not Applicable
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-004-1	R4.	Compliant
PRC-004-1	R1.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Compliant
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	NA
PRC-010-0	R2.	NA
PRC-011-0	R1.	NA
PRC-011-0	R2.	NA
PRC-016-0	R1.	Compliant
PRC-016-0	R2.	Compliant
PRC-016-0	R3.	Compliant
PRC-017-0	R1.	Compliant
PRC-017-0	R2.	Compliant
PRC-021-1	R1.	NA
PRC-021-1	R2.	NA

TPL-001-0	R1.	Compliant
TPL-001-0	R2.	Compliant
TPL-001-0	R3.	Compliant
TPL-002-0	R1.	Compliant
TPL-002-0	R2.	Compliant
TPL-002-0	R3.	Compliant
TPL-003-0	R1.	Compliant
TPL-003-0	R2.	Compliant
TPL-003-0	R3.	Compliant
TPL-004-0	R1.	Compliant
TPL-004-0	R2.	Compliant

3.2 Conclusion

Guadalupe Valley Electric Cooperative, Inc. was found in compliance with the standards that were audited.

3.3. Compliance Culture

This topic was not discussed during the exit interview.